

## **FAB Compensatory Mitigation Proposals – Hybrid**

May 19, 2021

Initial funding to be made to the trust within 60 days of financial close, this is referred to as the “year 0 funding date”. Following funding deposits are annually thereafter, so the year 1 funding date is one year later, the year 5 funding date is 5 years later, and so on.

### **Year 0 (initial) funding:**

\$6.50 million. See below section for proposed compromise on BOEM lease extension.

### **Year 5 funding:**

\$3.50 million. See below section for proposed compromise on BOEM lease extension.

Year 5 funding is proposed to be contingent on the construction timeline. Calendar months of construction activity from start to end exceeding 9 months will increase year 5 funding by \$125,000 per month, up to a maximum of 24 months overage (\$3.0 million). If construction is completed in 8 calendar months or less, year 5 funding will be reduced by the same monthly rate up to a maximum reduction of 4 months (\$0.60 million). Calendar months of pile-driving activity from start to end exceeding 2 months will increase year 5 funding by \$1.25 million per month, up to a maximum of 6 months overage (\$7.50 million). If pile-driving is completed in only a single calendar month, year 5 funding will be reduced by \$1.25 million.

### **Years 10-20 funding (11 annual payments):**

Starting with the year 10 funding date, funding of \$0.50 million per year with a 7% annual rate of increase. The last of the 11 annual payments will take place on the year 20 funding date in the amount of \$0.98 million.

### **Lease extension terms:**

Year 0 initial funding reduced by \$1.00 million (to \$5.50 million) and year 5 funding reduced by \$0.50 million (to \$3.00 million) in exchange for South Fork’s agreement to pay \$0.80 million per year in a lump sum for any BOEM lease extensions approved, on the first annual payment date following such approval by at least 60 days. Example: a lease extension is granted by BOEM for 5 years, the extension is granted 45 days before the year 23 funding date. On the year 24 funding date, funding will be deposited for \$4.0 million.